

Message Text

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PAGE 01 SEOUL 06098 071038Z

15

ACTION XMB-07

INFO OCT-01 EA-11 ISO-00 PM-07 NSC-10 SS-15 RSC-01 CIAE-00

INR-10 NSAE-00 DODE-00 SSO-00 INRE-00 NSCE-00 EB-11

AID-20 IGA-02 OMB-01 TRSE-00 L-03 COME-00 DRC-01 /100 W

----- 031277

O R 070946Z SEP 73

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC IMMEDIATE 9974

INFO CINCPAC

C O N F I D E N T I A L SEOUL 6098

DEPARTMENT PASS EXIM BANK

E.O. 11652: GDS

TAGS: BEXP, MASS, KS

SUBJECT: EXIM FINANCING FOR DEFENSE MATERIALS TESTING

EQUIPMENT

1. WE ANTICIPATE THAT IN COURSE FORTHCOMING VISIT OF DEPUTY SECRETARY CLEMENTS FOR SECURITY CONSULTATIVE MEETING, KOREANS WILL REQUEST \$7-1/2 MILLION FMS CREDIT TO FINANCE LOAN FOR PURCHASE OF US LABORATORY TEST EQUIPMENT FOR USE BY ROK AGENCY FOR DEFENSE DEVELOPMENT (ADD). ESTABLISHED AS ENGINEERING ARM OF ROK MINISTRY OF DEFENSE IN 1970, ADD HAS BEEN RAPIDLY BUILDING CAPABILITY TO EVALUATE DEFENSE MATERIAL ACQUISITION OPTIONS. TO TEST ADEQUACY OF DOMESTICALLY PRODUCED SPARE PARTS, ROKG WANTS FMS FINANCING TO PURCHASE EQUIPMENT SUCH AS THAT REQUIRED FOR PRECISION MEASURING, ELECTRONIC AND MATERIALS TESTING, CHEMICAL ANALYSIS AND WEAPONS AND AMMUNITION GUAGING. EXCEPT FOR A FEW ITEMS, EQUIPMENT NEEDED IS ESSENTIALLY STANDARD COMMERCIAL TYPE USED IN CIVILIAN LABORATORIES.

2. WHILE WE HAVE PROVIDED TECHNICAL ASSISTANCE TO ADD IN CERTAIN AREAS, POLICY HAS BEEN NOT TO EXTEND
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GRANT MAP OR FMS CREDIT SUPPORT ON GROUNDS THIS

IS AREA WHERE ROKS CAN AND SHOULD ARRANGE OWN
FINANCING. AT SAME TIME THERE WOULD BE COMMERCIAL
ADVANTAGES IN SELLING DESIRED TEST EQUIPMENT AND
IT OCCURS TO US THAT THIS MIGHT PROVIDE BASIS FOR
EXIM BANK FINANCING OF NON-DEFENSE ARTICLES. IF DIRECT EXIM
LOAN (WITH COMMERCIAL BANK PARTICIPATION) OR OTHER TYPE LOAN
IS IN FACT FEASIBLE IN THESE CIRCUMSTANCES WE WOULD LIKE TO BE
IN POSITION DURING MR. CLEMENTS VISIT TO ADVISE ROKS
OF ALTERNATIVES AND TO TELL THEM THAT WE WOULD BE
HAPPY TO EXPLORE POSSIBILITIES FURTHER IF THEY WISH.

3. WOULD APPRECIATE GUIDANCE PRIOR OPENING BUSINESS
SEPTEMBER 10, IN ORDER TO BRIEF DEPSECDEF BEFORE HIS
VISIT TO ADD THAT SAME DAY.
HABIB

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NNN

Message Attributes

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EO Systematic Review
30 JUN 2005

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